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RUEAIIA/CIA WASHINGTON DC PRIORITY  
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TAGS: [PGOV](#) [PREL](#) [MARR](#) [BK](#)  
SUBJECT: BOSNIA- DEVELOPMENTS IN GEORGIAN MLRS SALE

REF: SARAJEVO 1738

Classified By: Ambassador Charles English for reasons 1.4 (b) and (d)

¶1. (S) Summary. The dispute over the proposed sale of Bosnian Multiple Launch Rocket System (MLRS) components to Georgia has resurfaced -- this time with an unusual new twist. As previously reported (reftel), an earlier request by Georgia to purchase the systems was scuttled on "foreign policy grounds" after Russia objected. A few months ago, a new export license request was filed and is awaiting a decision. Now, however, Chief of the Joint Staff Lt. General Sifet Podzic is complaining that individuals in the Government of the Republika Sprska and the Office of Bosnian Serb member of the Presidency Nebojsa Radmanovic illegally blocked a recent attempt to move the MLRS components from their base in the RS to a refurbishment facility in the Federation. Podzic asserts that this illustrates the existence of illegitimate Bosnian-Serb political influence within the Bosnian Armed Forces. A member of Radmanovic's staff and Deputy Defense Minister Igor Crnadak (a Bosnian Serb) confirm that the move of the components was blocked, but claim that the transfer lacked the necessary authorization and was being done surreptitiously, driven by corrupt interests. While we do not share Podzic's view that this incident proves that the RS leadership has nefarious sway over the Armed Forces, it does raise questions about blurred lines of authority within the military. It also indicates that momentum remains behind what looks to be a suspect arms sale. End Summary.

Background  
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¶2. (S) We have continued to monitor the possible sale of MLRS systems from Bosnia to Georgia. As we reported previously (reftel), an initial sale of the systems was scuttled after strenuous Russian objections in the Fall of 2006. Several months ago, a Seychelles-registered brokering firm, Melvale, reapplied for an export license for the items, and the Bosnian government has yet to reach a final decision as to whether to allow the export. The Ministry of Foreign Trade is waiting for the Ministry of Foreign Affairs to provide

expert comment on the transaction before forwarding the matter to the Presidency for final decision. In September, the Bosnian-Serb newspaper Fokus ran a series of articles on the MLRS transfer alleging corrupt interests in the Presidency and Ministry of Foreign Affairs were driving the resurrection of the sale. Based on numerous discussions on the transfer with senior government officials, we continue to skeptically view the legitimacy of this transaction.

PODZIC: BOSNIAN-SERB BACK CHANNEL UNDERMINES MILITARY

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13. (S) CHOD LTG Podzic requested lunch with us October 17 to discuss what he labeled a "critical" issue that required USG intervention. Considering the extreme sensitivity of the issue, Podzic asked that we not bring an Embassy translator to the lunch meeting. Podzic told us that at the end of September, President Radmanovic's Security Advisor Dzuro Beronja and the RS Government's Military Advisor Dusko Cetkovic had illegally intervened to block the transfer of MLRS components from RS to a refurbishment facility in the Federation at Novi Travnik. The items were part of the potential sale to Georgia. Podzic told us that Minister Cikotic had issued legitimate orders to transfer the MLRS components, but that Beronja and Cetkovic had intervened with their contacts in the Ministry of Defense and Armed Forces to have the transport convoy turned around after it had left Banja Luka. Podzic said that Beronja and Cetkovic were acting under the direct control of RS Prime Minister Milorad Dodik in sending a signal that the RS government could interfere at will in the Armed Forces and military matters, and that President Radmanovic was unaware of Beronja's actions. Podzic asked that we intervene with NATO HQ Sarajevo to seek the removal of Beronja and Cetkovic who Podzic claimed were a "serious threat" to the independence of the military.

BERONJA: ILLEGITIMATE SMUGGLING ATTEMPT

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14. (S) We followed up on the matter with both Beronja and Danilo Petrovic, President Radmanovic's Foreign Policy Advisor. Beronja largely confirmed that incident in question took place but provided a different explanation for his intervention. Beronja told us that the movement of the MLRS equipment from Banja Luka, which was clearly an initial step in its export to Georgia, was illegal without Presidency sanction. Beronja pointed out that the Presidency had yet to consider the Georgia deal for a second time, and considering that it had been rejected in the first instance, it was highly unlikely to be approved. (Comment. Exporting the items to Georgia would require Presidency approval. Simply moving the items around the country would not require Presidency input or sanction, but Beronja has a valid point that this transfer from Banja Luka was directly linked to a yet to be approved arms transfer. Comment.)

15. (S) Beronja said that it was clear that personal financial, and most probably corrupt, interests, were driving the process this time around. Beronja noted that the movement of the MLRS components was scheduled to take place when most senior leadership officials were out of the country, further raising his suspicions that whoever was pushing the sale was attempting to circumvent established legal procedures and avoid scrutiny. Beronja said his role was limited to calling Deputy Defense Minister Igor Crnadak and Deputy Chief of the Joint Staff Major General Miladin Milojcic, both Bosnian Serbs, and inquiring as to the authority under which the items were being moved. Beronja asserted that he did not know who ordered the convoy to turn around, but stressed that neither he nor Cetkovic issued any such orders to commanders nor did they illegitimately influence the process. Beronja told us that his behavior would withstand any outside scrutiny, and we should "follow the money" on the Georgia deal to determine who is breaking the law and acting contrary to Bosnia's interests. Beronja said he was acting under the authority of President Radmanovic, who was kept informed of developments in the

matter.

CRNADAK: LEGAL CONFUSION BUT NO ILL-INTENT

16. (S) Deputy Minister Crnadak provided us with further details on the incident. Crnadak told us that Defense Minister Selmo Cikotic had signed the order to move the equipment after receiving a request from the Novi Travnik firm. Crnadak acknowledged that Beronja contacted him once the MLRS systems had left Banja Luka to relay President Radmanovic's concerns that the movement violated Presidency prerogatives on arms exports and the disposition of surplus military property. Crnadak told us that since the items were not being transported out of military necessity but for commercial purposes, he believed that Radmanovic's question of authority was legitimate. Crnadak said he immediately informed Cikotic of the issue, and the minister rescinded his order to move the items out of Banja Luka pending formal Presidency authorization to approve the sale to Georgia. Crnadak said that the law governing such transfers was unclear, but he and Cikotic agreed that they would now seek Presidency authorization before they moved any surplus items.

COMMENT

17. (S) Comment. This recent development in the Georgia MLRS transfer demonstrates that the sale is far from dead, and its financial and political backers still seek its realization. Crnadak and Beronja are correct in asserting that Presidency prerogatives were ignored in moving the MLRS components from

Banja Luka to Novi Travnik. Whether this was done out of ignorance of the procedures (as Crnadak claims) or was an attempt to illegally sneak items out of the country (Beronja's view) is unclear. Considering the circumstances of the transfer, we do not share Podzic's dire view that the incident indicates that Dodik and the RS leadership have nefarious sway over the Armed Forces. It is apparent, however, that Bosnian-Serb military officers in Banja Luka tipped Beronja off to the movement of the equipment. Such contacts would contravene the established chain of command and are another indication that military officials in both entities maintain questionable ties with the political leadership. End Comment.

ENGLISH